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BAGEL BUCKS: Denver-based Boston Chicken lends substantial muscle to the bagel company by providing

real estate, accounting and administrative services and computer and communications systems.

Getting big on bagels

Boston Chicken branching out

By Penny Parker
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OGDEN, Utah — When a group of Boston Chicken Inc. executives walked into Dan Colangelo's bagel shop last fall, Colangelo gave them the bum's rush.

His chain of Brackman Brothers Inc. bagel shops based in Salt Lake City was small but growing. Colangelo, an attorney turned entrepreneur, had nine stores operating but five more under construction or in lease negotiations.

And he had just hired an investment company to "crystal-ball" the chain's future.

But the Boston Chicken team wasn't to be denied. They returned the next morning, and this time Colangelo listened. Brackman Brothers was the first of four bagel chains that the chicken giant would acquire to form Progressive Bagel Concepts Inc.

Today, Colangelo serves as president and CEO of Progressive Bagel, and he is overseeing the rollout of Einstein Bros. Bagels, the operating name of the new bagel chain backed by Boston Chicken.

Progressive Bagel — the company is likely to drop that cumbersome moniker and adopt Einstein Bros. as the corporate name — is based in Golden, and was formed last March through the acquisition of three regional bagel retailers: Bagel & Bagel Inc. of Kansas City, Kan., Offerdahls Bagel Gourmet Inc. of Fort Lauderdale,

Progressive Bagel Concepts Inc.

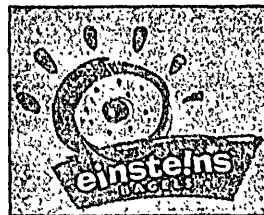
Headquarters: Golden.

Store name: Einstein Bros. Bagels.

History: PBCI was formed from the acquisition of four bagel companies: Brackman Brothers Inc. of Salt Lake City; Bagel & Bagel Inc. of Kansas City, Kan.; Offerdahls Bagel Gourmet Inc. of Fort Lauderdale, Fla.; and Baltimore Bagel Co. of San Diego.

Backing: Boston Chicken Inc. loaned PBCI an \$80 million senior secured loan convertible into 68 percent ownership.

Expansion plans: Open 75 stores by the end of the year — five in the metro area — and open 300 to 325 units by the end of 1996.



Fla.; and Brackman Brothers.

In August, San Diego-based Baltimore Bagel Co. joined the company, and Progressive Bagel also bought nine units of The Bagel Stop, based in Denver. The combination of acquisitions gave Progressive 53 bagel stores in Florida, Missouri, Kansas, California, Utah, Illinois and Colorado.

The newly created bagel chain has a capital base of approximately \$120 million, including \$80 million in a senior secured loan from Boston Chicken Inc. The loan is convertible into a 68 percent majority interest in the company.

Boston Chicken also lends substantial muscle to the bagel company by providing real estate, accounting and administrative services and computer and communications systems.

Last week, Boston Chicken said its 20 restaurant area developers would have the

exclusive rights to franchise Einsteins restaurants in specific regions.

Boston Chicken's area developers, who control restaurant development for the chain in their region, will each create a new, separate division to control the bagel chain's operations.

Einsteins' growth projections call for opening 75 stores by the end of this year — including up to seven in the Denver metro area — and 300 to 325 units by the end of 1996.

Sound familiar?

Boston Chicken executed a similar aggressive growth strategy in its infancy by opening 317 stores by the end of its second year. To date, Boston Chicken has opened more than 760 Boston Market units.

Can history repeat itself with the Ein-